

Message Text

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ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 AGR-10 SP-02 AID-05 EB-06 NSC-05

RSC-01 CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01

CIAE-00 COME-00 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06

LAB-03 SIL-01 SAJ-01 SWF-01 FSE-00 ABF-01 A-01 L-02

H-02 PA-02 PRS-01 USIA-15 /123 W
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FM AMEMBASSY ROME

TO SECSTATE WASHDC 7628

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

USMISSION GENEVA

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMCONSUL MILAN

AMEMBASSY PARIS

USMISSION OECD PARIS

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SECSTATE PASS AGRICULTURE FOR FRASER

E.O. 11652: N/A

TAGS: EAGR, IT

SUBJ: ITALIAN IMPORT DEPOSIT SCHEME ON AGRICULTURAL PRODUCTS
MODIFIED AND GREEN LIRA DEVALUED

1. SUMMARY. ITALY HAS ABOLISHED THE 50 PERCENT IMPORT DEPOSIT
REQUIREMENT FOR ADDITIONAL AGRICULTURAL PRODUCTS EFFECTIVE OCTOBER

23. THE EC COMMISSION HAS ALSO AUTHORIZED A FURTHER DEVALUATION

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OF THE GREEN LIRA BY 4 PERCENT. END SUMMARY.

2. ITALY'S EMERGENCY BALANCE OF PAYMENTS MEASURE, THE 50 PERCENT IMPORT DEPOSIT SCHEME, WAS INSTITUTED ON MAY 4 AND COVERED VARIOUS INDUSTRIAL AND AGRICULTURAL PRODUCTS. THIS REQUIREMENT HAS BEEN LIFTED FOR VARIOUS PRODUCTS IN JULY AND AGAIN IN AUGUST, AND EFFECTIVE OCTOBER 23, FOR AN ADDITIONAL NUMBER OF PRODUCTS. THIS CURRENT LIFTING OF THE DEPOSIT REQUIREMENT LIBERATES CHEFLY BEEF AS WELL AS FRUITS AND VEGETABLES, INTO THE U.S. ONLY A FEW AGRICULTURAL ITEMS REMAIN UNDER THE DEPOSIT REQUIREMENT: COFFEE, TEA, SPICES, SPARKLING WINES, SPIRITS, COOKIES, AND HORSES, AND OTHER ITEMS, A PRECISE LIST OF WHICH WILL SOON BE PUBLISHED.

3. THE IMPACT ON TRADE OF THE LIFTING OF THESE RESTRICTIONS WILL, IN THE CASE OF BEEF, BE SLIGHT. CONSUMER DEMAND IS REPORTED DOWN SOME 15 PERCENT, WITH A SHIFT IN DEMAND TO PORK AND CHICKEN. THERE BEING LITTLE MARKET IMPETUS FOR BEEF IMPORTS FROM OTHER MEMBER STATES (THE EC EMBARGO AGAINST THIRD COUNTRY IMPORTS REMAINS IN EFFECT) LIVESTOCK PRODUCERS FELT THEY COULD ACCEPT THIS DECISION. THE IMPACT ON IMPORTS OF ALMONDS AND DRIED FRUIT, FROM THE U.S. AS WELL AS OTHER ORIGINS, WILL BE MORE DIRECT. THERE IS NOW CONSIDERABLE PROSPECT FOR IMPORTS OF THESE TWO PRODUCTS TO RETURN TO TRADITIONAL LEVELS. GRAPEFRUIT, ON THE OTHER HAND, IS NOT LIKELY TO BE IMPORTED IN ANY GREAT QUANTITY, PARTLY BECAUSE OF THE CURRENT DECLINE IN HIGHER-PRICED FRUIT CONSUMPTION.

4. THE EC COMMISSION HAS APPROVED THE SIXTH DEVALUATION OF THE GREEN LIRA SINCE MAY 1973. AS OF OCTOBER 28, THE GREEN LIRA WILL BE DEVALUED AN ADDITIONAL FOUR PERCENT TO 833 LIRE/ONE UNIT OF ACCOUNT, MAKING A TOTAL OF 30 PERCENT IN LESS THAN 1-1/2 YEARS. THIS ACTION WILL OBVIATE THE RE-INTRODUCTION OF COMPENSATORY LEVIES ON ITALIAN TRADE WITH OTHER MEMBER STATES, AS WOULD HAVE BEEN REQUIRED BY THE RECENT DE FACTO DECLINE IN THE LIRA'S VALUE. INTERNAL INTERVENTION PRICES WILL BE RAISED BY FOUR PERCENT ALSO.

5. REACTION TO THE DEVALUATION HAS BEEN FAVORABLE, WITH CONFAGRICOLTURA, GROUP OF LARGE-SCALE FARMERS, CALLING THE MOVE AN ACCEPTANCE OF THE PRINCIPLE OF AUTOMATIC ADJUSTMENT OF THE UNCLASSIFIED

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LIRA TO THE UNIT OF ACCOUNT WHICH PROTECTS ITALIAN FARMERS FROM THE LEVYING OF COMPENSATORY AMOUNTS. THE ASSOCIATION OF LIVESTOCK RAISERS IS FAVORABLE TO THE INCREASES IN INTERVENTION PRICES FOR STORAGE OF BEEF, WHICH ALSO RESULT FROM THE DEVALUATION. VOLPE

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